

**Township of Fairhaven
Bay Port, MI**

Huron County

**FINANCIAL REPORT
March 31, 2005**

Auditing Procedures Report

Issued under P.A. 2 of 1950, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Fairhaven Township	County Huron
Audit Date 3/31/05	Opinion Date 9/29/05	Date Accountant Report Submitted to State: 9/29/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

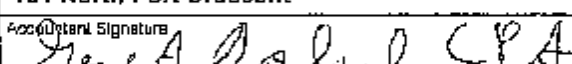
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1969, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1962, as amended [MCL 39.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 265 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 195 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Print Name) George A. Zahul CPA PC			
Street Address 101 North Port Crescent	City Bad Axe	State MI	ZIP 48413
Accountant Signature 		Date 9/29/05	

George Zahul, CPA, PC

101 N Port Crescent St
Bad Axe, MI 48413

September 29, 2005

To the Township Board
Township of Fairhaven
Bay Port, MI 48720-0003

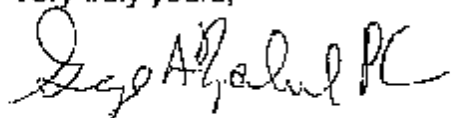
The following comments related to situations that came to my attention during the course of my recent examination of the Township of Fairhaven's financial statements as of and for the year ended March 31, 2005, and are submitted for your evaluation and consideration. I would like to emphasize that, since my examination was conducted for the purpose of expressing an opinion on the previously referred to financial statements, these comments are not necessarily all inclusive.

1. The Township over-expended in the General Fund in comparison to the budget. This excess of expenditure over budget amount is in violation of P.A. 621. The Board should avoid such violations by periodically reviewing actual expenditures and revenues as compared to budget amounts.

If you would need assistance in implementing the above, I would be happy to assist you.

I want to take this opportunity to thank the Board for selecting me to do your audit, and I want to thank the Township Officials for their help and assistance during the audit.

Very truly yours,



George A. Zahul, PC
Certified Public Accountant

Fairhaven Township Management's Discussion and Analysis

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on March 31, 2005. Please read it in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

The 2004/05 fiscal years resulted in a Fund Balance in the General Fund of \$307,279.45. This was an expected result for the Township. The Fund Balance was slightly higher than was originally budgeted.

In total, Township revenues exceeded \$351,000 for fiscal year ended March 31, 2005. Spending over the same time period was \$378,800. In both cases that was an decrease of approximately \$17,000 over fiscal 2004 for revenues and an increase of \$31,000 for spending.

Overview of the Financial Statements

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

The first two statements are district-wide financial statements that provide both short-term and long-term information about the Township's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the district-wide statements.

Government-Wide Statements

The Government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets – the difference between the Township's assets and liabilities – are one way to measure the Township's financial health or position.

Fairhaven Township Management's Discussion and Analysis

The government-wide financial statements of the Township are divided into categories:

Governmental Activities – Most of the Township's basic services are included here, such as public safety, public works, and general administration. Property taxes, state-shared revenue, and charges for services provided most of the funding.

Business-type Activities – The Township operates a sewer system and charges fees to customers to help cover the costs of certain services it provides. The Township's sewer and water system is treated as a business-type activity.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds – not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending for particular purposes:

Some funds are required by State law and by bond covenants.

The Township establishes other funds to control and manage money for particular purposes.

The Township has three types of funds:

Governmental Funds – Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary Funds – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

Fiduciary Funds – The Township is responsible for ensuring that the assets reported in these funds are used for intended purposes. All of the Township's fiduciary activities are reported in a separate statement of Assets and Liabilities. These activities are excluded from the Township's government-wide Financial Statements, because the government cannot use these resources.

Fairhaven Township Management's Discussion and Analysis

Financial Analysis of the Township as a Whole

Net Assets

Township net assets increased during the fiscal 2005. Depreciation of Township assets, of \$6,109.00, as opposed to no new purchases.

Fairhaven Township

	<u>2005</u>
Current and other Assets	\$ 1,247,155
Capital Assets, Less Accumulated Depreciation	<u>1,742,556</u>
Total Assets	\$ 2,989,711
Current Liabilities	22,659
Other Liabilities	<u>1,062,000</u>
Total Liabilities	\$ 1,084,659
<u>Net Assets:</u>	
Invested in Capital Assets net of Related Debt	\$ 278,309
Restricted	27,486
Unrestricted	815,234
Other	<u>784,023</u>
Total net Assets (deficit)	\$ 1,905,052

Changes in Fairhaven Township Net Assets

	<u>2005</u>
<u>Revenues</u>	
Charges for Services	\$ 92,489
Operating Grants	0
<u>General Revenues</u>	
Property Taxes	234,553
State Revenue	98,621
Other	<u>27,492</u>
Total Revenues	\$ 360,566
<u>Expenses</u>	
General Government	\$ 45,688
Public Services	153,258
Sanitation, Water, and Sewer	66,675
Roads	142,289
Interest and Other	101,601
<u>Business Type Activities</u>	
Unallocated Depreciation	9,601
Total Expenses	<u>\$ 519,111</u>
Increase (Decrease) in Net Assets	<u>\$ (66,050)</u>

Fairhaven Township Management's Discussion and Analysis

Governmental Activities

Revenues for governmental activities totaled \$442,597 in 2005. A total of \$234,553 was in the form of property tax collections. State-shared revenues continue to be of concern. While it provided \$98,521, we are uncertain what will happen in 2005 given the State's financial difficulties.

Financial Analysis of the Township's Funds & Budgets

The General Fund ended 2005 with a fund balance of \$307,279. Several factors affected operating results. Tax collections were \$31,775 for 2005. Additionally, other revenue was \$105,166 in 2005. Total revenues in the General Fund of \$136,929 exceeded expenditures of \$128,438 by \$26,494 leaving an increase of \$8,491.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent expenditures from exceeding the budget. With that in mind, the General Fund expenditures were 96 percent of budget. No major General Fund areas were significantly under or over budget.

Capital Assets and Debt

The Township made no capital purchases during the year.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of several areas that could have a major impact on the 2004/2005 fiscal year, and subsequent years.

Township summer 2005 taxes have close to the same millage rate as last year. Most of the money collected goes for the operating expenses for the general fund.

At this time the Township was not aware of any areas that could have a major impact on the 2005/2006 fiscal year and subsequent years.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact in writing the Business Office, Fairhaven Township, 9811 Main St., Bay Port, MI 48720.

Township of Fairhaven

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Township of Fairhaven

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Independent Auditor's Report

To the Township Board
Township of Fairhaven
Bay Port, MI 48720-0003

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Fairhaven's, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Fairhaven's management. My responsibility is to express opinions on these financial statements based on my audit.

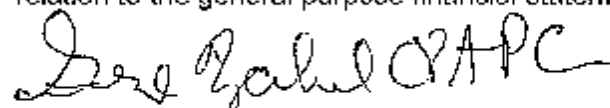
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Fairhaven as of March 31, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 29, 2005, on my consideration of the Township of Fairhaven's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Fairhaven. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.



George Zahul, CPA, PC
September 29, 2005

George Zahul, CPA, PC

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**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Township Board
Township of Fairhaven
Bay Port, MI 48720-0003

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Fairhaven as of and for the year ended March 31, 2005, which collectively comprise Township of Fairhaven's basic financial statements and have issued my report thereon dated September 29, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

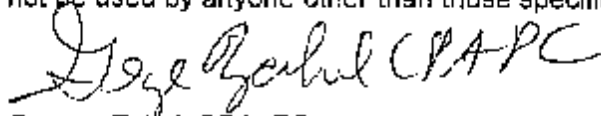
Compliance

As part of obtaining reasonable assurance about whether the Township of Fairhaven's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Township of Fairhaven, in a separate letter dated September 29, 2005.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township of Fairhaven's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Village Council, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.



George Zahul, CPA, PC
September 29, 2005

Township of Fairhaven
Statement of Net Assets
March 31, 2005

	<u>Primary Government</u>		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 628,159.71	\$ 403,364.69	\$ 1,031,524.40
Accounts Receivable	20,093.83	21,000.18	41,193.31
Prepaid Insurance	8,057.99	4,043.42	12,101.31
Total Current Assets	<u>656,311.43</u>	<u>428,507.53</u>	<u>1,084,818.92</u>
Property and Equipment			
Property and Equipment	966,371.34	3,331,405.34	4,297,776.38
Less Accumulated Depreciation	(688,062.00)	(1,867,158.04)	(2,555,220.04)
Net Property and Equipment	<u>278,309.04</u>	<u>1,464,247.30</u>	<u>1,742,556.34</u>
Other Assets			
Sewer Instalments Receivable	0.00	162,335.86	162,335.86
Total Other Assets	<u>0.00</u>	<u>162,335.86</u>	<u>162,335.86</u>
Total Assets	<u>934,620.47</u>	<u>2,055,093.75</u>	<u>2,989,714.22</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	0.00	4,659.38	4,659.38
Current Portion of Bonds Payable	0.00	18,000.00	18,000.00
Total Current Liabilities	<u>0.00</u>	<u>22,659.38</u>	<u>22,659.38</u>
Long - Term Liabilities			
Bonds Payable	0.00	1,062,000.00	1,062,000.00
Total Long - Term Liabilities	<u>0.00</u>	<u>1,062,000.00</u>	<u>1,062,000.00</u>
Total Liabilities	<u>0.00</u>	<u>1,084,659.38</u>	<u>1,084,659.38</u>
Net Assets			
Invested in capital assets net of related debt	278,309.04	0.00	278,309.04
Restricted	27,486.10	0.00	27,486.10
Unrestricted	628,825.33	106,403.52	735,228.85
Contributions In Aid	0.00	784,022.85	784,022.85
Total Net Assets	<u>\$ 934,620.47</u>	<u>\$ 970,431.37</u>	<u>\$ 1,905,051.84</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement Of Activities
For the Year Ended March 31, 2006

Governmental Activities

<u>Funtions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Program Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	
Governmental Activities				
General Government	\$ 45,687.67	\$ 0.00	\$ 0.00	\$ (45,687.67)
Public Safety	106,774.89	1,200.00	0.00	(105,574.89)
Public Works	40,482.86	0.00	0.00	(46,482.86)
Roads	142,288.89	0.00	0.00	(142,288.89)
Sewer Operations	66,674.63	91,288.52	0.00	24,613.89
Unallocated Depreciation	9,601.00	0.00	0.00	(9,601.00)
Interest	63,950.00	0.00	0.00	(63,950.00)
Miscellaneous	37,651.14	0.00	0.00	(37,651.14)
Total Governmental Activities	<u>\$ 515,111.08</u>	<u>\$ 92,488.52</u>	<u>\$ 0.00</u>	<u>(426,622.56)</u>
General Revenues				
Property Taxes General				234,553.28
State Revenue Sharing				98,521.00
Investment Earnings				15,213.40
Other				<u>12,279.18</u>
Total General Revenues				<u>350,566.86</u>
Change in Net Assets (Deficit)				(66,055.70)
Net Assets Beginning of Year				<u>1,971,107.54</u>
Net Assets End of Year				<u>\$ 1,905,051.84</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Combined Balance Sheet
All Fund Types
March 31, 2005

	<u>Governmental Fund Types</u>		<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account</u>	<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Fund Type</u>	<u>Fund Type</u>	<u>Group</u>	
		<u>Revenue</u>	<u>Sewer</u>	<u>Trust</u>	<u>General</u>	<u>(Memorandum</u>
			<u>Operating</u>		<u>Fixed Assets</u>	<u>Only)</u>
Assets						
Cash and Investments	\$ 302,548.70	\$ 298,126.91	\$ 403,364.69	\$ 27,486.10	\$ 0.00	\$ 1,031,524.40
Accounts Receivable	0.00	0.00	183,435.34	0.00	0.00	183,435.34
Taxes Receivable	2,235.66	17,858.17	0.00	0.00	0.00	20,093.83
Prepaid Insurance	2,697.33	5,360.60	4,043.42	0.00	0.00	12,101.31
Fixed Assets net of Depr	0.00	0.00	1,464,247.30	0.00	966,371.04	2,430,618.34
Total Assets	<u>\$ 307,479.69</u>	<u>\$ 321,345.64</u>	<u>\$ 2,055,090.75</u>	<u>\$ 27,486.10</u>	<u>\$ 966,371.04</u>	<u>\$ 3,627,773.22</u>
Liabilities and Fund Equity						
Liabilities						
Accounts Payable	\$ 0.00	\$ 0.00	\$ 4,650.38	\$ 0.00	\$ 0.00	\$ 4,650.38
Bonds Payable	0.00	0.00	1,060,000.00	0.00	0.00	1,060,000.00
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>1,064,650.38</u>	<u>0.00</u>	<u>0.00</u>	<u>1,064,650.38</u>
Fund Equity						
Contributed Capital	0.00	0.00	784,022.85	0.00	0.00	784,022.85
Investment in Fixed Assets	0.00	0.00	0.00	0.00	966,371.04	966,371.04
Fund Balances						
Reserved	0.00	0.00	0.00	27,486.10	0.00	27,486.10
Retained Earnings	0.00	0.00	186,408.52	0.00	0.00	186,408.52
Unreserved	307,479.69	321,345.64	0.00	0.00	0.00	628,825.33
Total Fund Equity	<u>307,479.69</u>	<u>321,345.64</u>	<u>970,431.37</u>	<u>27,486.10</u>	<u>966,371.04</u>	<u>2,693,113.84</u>
Total Liabilities and Fund Equity	<u>\$ 307,479.69</u>	<u>\$ 321,345.64</u>	<u>\$ 2,055,090.75</u>	<u>\$ 27,486.10</u>	<u>\$ 966,371.04</u>	<u>\$ 3,627,773.22</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Combined Statement of Revenue, Expenditures and
Change in Fund Balance
For the Year Ended March 31, 2005

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
Revenues			
Property Taxes	\$ 31,774.78	\$ 202,778.50	\$ 234,553.28
Licenses and Permits	781.96	1,561.46	2,343.41
State Revenue Sharing	98,521.00	0.00	98,521.00
Fire Department Services	0.00	1,200.00	1,200.00
Interest	3,487.07	2,223.56	5,710.63
Miscellaneous	2,564.01	6,316.12	8,180.13
Total Revenues	<u>137,128.82</u>	<u>214,379.63</u>	<u>351,508.45</u>
Expenditures			
General Government:	38,921.80	6,765.87	45,687.67
Public Safety	5,382.03	101,392.86	106,774.89
Public Works	46,482.86	142,288.89	188,771.75
Other	37,651.14	0.00	37,651.14
Total Expenditures	<u>128,437.83</u>	<u>250,447.62</u>	<u>378,885.45</u>
Excess of Revenues over Expenditures	<u>8,690.99</u>	<u>(36,067.99)</u>	<u>(27,377.00)</u>
Other Financing Sources (Uses)			
Operating Transfers in	0.00	2,962.50	2,962.50
Operating Transfers out	(2,000.00)	(962.50)	(2,962.50)
Total Other Financing Sources (Uses)	<u>(2,000.00)</u>	<u>2,000.00</u>	<u>0.00</u>
Excess of Revenues and Other Sources Over(Under)Expenditures and Other Uses	<u>6,690.99</u>	<u>(34,067.99)</u>	<u>(27,377.00)</u>
Fund Balance at Beginning of Year	<u>300,788.70</u>	<u>355,413.63</u>	<u>656,202.33</u>
Fund Balance at End of Year	<u>\$ 307,479.69</u>	<u>\$ 321,345.64</u>	<u>\$ 628,825.33</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Proprietary Fund Type Sewer Operating Fund
Statement of Revenues, Expenses and Changes in
Retained Earnings Budget and Actual
For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Operating Revenues			
Sewer Fees	\$ 0.00	\$ 91,288.52	
Total Operating Revenues	<u>118,000.00</u>	<u>91,288.52</u>	<u>(26,711.48)</u>
Operating Expenses			
Office Supplies	0.00	344.75	
Contracted Services-Vollmer	0.00	23,419.91	
Postage	0.00	331.34	
FICA Twp Share	0.00	466.16	
Lagoon Maintenance	0.00	575.00	
Lagoon Maintenance Salary	0.00	835.89	
Administrative Wage - Clerk	0.00	541.67	
Chemicals and Lab Supplies	0.00	71.10	
Lab/Lagoon Testing	0.00	929.00	
Repairs and Maintenance	0.00	3,278.02	
Reports to DNR	0.00	360.00	
Insurance - Workers Comp	0.00	28.00	
Fuel Tires Oil and Accessories	0.00	53.16	
Miscellaneous	0.00	990.63	
Travel	0.00	735.00	
Depreciation Expense	0.00	148,498.00	
Total Operating Expenses	<u>118,755.00</u>	<u>184,455.63</u>	<u>(65,700.63)</u>
Operating Income (loss)	<u>(655.00)</u>	<u>(93,167.11)</u>	<u>(92,511.11)</u>
Other Income (Expense)			
Interest Income	0.00	9,184.59	0.00
Interest Expense	0.00	(63,350.00)	0.00
Total Other Income (Expense)	<u>0.00</u>	<u>(54,165.41)</u>	
Net Income (loss) From Operations	<u>\$ (655.00)</u>	<u>(147,952.52)</u>	<u>(147,296.52)</u>
Add: Transfer of depreciation on assets acquired with contributions and grants in aid of construction to contributed equity		<u>117,781.00</u>	
Net Income (Loss)		<u>(30,171.52)</u>	
Retained Earnings Beginning of Year		<u>216,580.04</u>	
Retained Earnings End of Year		<u>\$ 186,408.52</u>	

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Reconciliation of Fund Balances of Government Funds
to Net Assets of Government Activities
For the Year Ended March 31, 2005

Fund Balances Total Governmental Funds	\$ 1,026,742.03
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Amounts reported for governmental activities in the statement of activities
are different because

Capital assets used in governmental activities are not financial resources
and are not reported in the funds

Property and Equipment	966,371.04
Less Accumulated Depreciation	(688,062.00)

Accrued interest on debt is not recorded in governmental funds until it is paid

Accrued Interest Payable Beginning of Year	0.03
Accrued Interest Payable End of Year	0.03
Other	0.03

Net Assets of Governmental Activities	<u>\$ 1,305,051.84</u>
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The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Proprietary Fund Type Sewer Operating Fund
Statement of Cash Flows
For The Year Ended March 31, 2005

Cash Flows From Operating Activities

Net Income (Loss)	\$ (30,171.52)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	148,496.00
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Accounts Receivable	5,205.82
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	2,094.64
Accrued Liabilities	0.00
Total Adjustments	<u>155,796.46</u>

Net Cash Provided By (Used in) Operating Activities 125,624.94

Cash Flows From Investing Activities

Proceeds From Sale of Fixed Assets	<u>0.00</u>
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Net Cash Provided By (Used In) Investing Activities 0.00

Cash Flows From Financing Activities

Notes Payable Repayments	<u>(17,000.00)</u>
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Net Cash Provided By (Used In) Financing Activities (17,000.00)

Net Increase (Decrease) In Cash and Cash Equivalents 108,624.94

Cash and Cash Equivalents Beginning of Year 412,520.75

Cash and Cash Equivalents End of Year \$ 521,145.69

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2005

Net Change in Fund Balances Total Governmental Funds **\$ (56,454.70)**

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures in the year incurred and depreciation is recorded for assets in the statement of activities

Capital Outlay 0.00

Accrued interest on long-term debt is recorded in the statement of activities when it is not recorded in governmental funds until it is paid

Accrued Interest Payable Beginning of Year 0.00

Accrued Interest Payable End of Year 0.00

Other 0.00

Proceeds and repayments of principal on long-term debt are revenues and expenditures in the government funds, but not in the statement of activities

Proceeds from new Debt 0.00

Change in Net Assets of Governmental Activities **\$ (56,454.70)**

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Fiduciary Fund Type Cemetery Perpetual Care
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	Actual	Budget	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Interest Income	\$ 338.18	\$ 0.00	\$ (338.18)
Receipts	<u>755.64</u>	<u>0.00</u>	<u>(755.64)</u>
Total Revenues	<u>1,093.82</u>	<u>0.00</u>	<u>(1,093.82)</u>
Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>1,093.82</u>	<u>0.00</u>	1,093.82
Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	1,093.82	<u>\$ 0.00</u>	<u>\$ 1,093.82</u>
Fund Balance Beginning of Year	<u>26,292.28</u>		
Fund Balance End of Year	<u>\$ 27,485.10</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Fiduciary Fund Type Cemetery Perpetual Care
Statement of Cash Flows
For the Year Ended March 31, 2005

Cash Flows From Operating Activities

Net Income (Loss)	\$ 1,093.82
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Losses (Gains) on sales of	
Decrease (Increase) in	
Operating Assets:	
Increase (Decrease) in	
Operating Liabilities:	
Total Adjustments	<u>0.00</u>

Net Cash Provided By (Used in) Operating Activities 1,093.82

Cash Flows From Investing Activities

Net Cash Provided By (Used In) Investing Activities 0.00

Cash Flows From Financing Activities

Net Cash Provided By (Used In) Financing Activities 0.00

Net Increase (Decrease) in Cash and Cash Equivalents 1,093.82

Cash and Cash Equivalents Beginning of Year 26,392.28

Cash and Cash Equivalents End of Year \$ 27,486.10

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Note 1 - Summary of Significant Accounting Policies:

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

A. Reporting Entity

The Local Governmental Unit is governed by an elected council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Government reports the following major governmental fund:

The general fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Other Non-Major Funds

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Government accounts for its major and local street activities in the special revenue funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with and proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over its' estimated useful life.

Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented in the fund financial statements.

Note 2 - Stewardship, Compliance, and Accountability:

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for all Government Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Government to have its budget in place by the beginning of its fiscal year. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits governments to amend their budgets during the year. During the year, the budget was amended in a permissible manner. There were no significant amendments during the year.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Government incurred expenditures in certain budgeted funds which were in excess of the amounts budgeted, as shown in the statements of Actual vs Budget.

Note 3 - Deposits and Investments:

Deposits

The Government's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Government's deposits was \$1,031,524.40 and the bank balance was \$1,032,565.85.

Investments

State statutes authorize the Government to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchased obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprises of the above authorized investments. As of March 31, 2005, the Government investments consisted of certificates of deposit and Money Market Funds which the carrying amount and the bank balance was \$0.

The total Government cash and investments amounted to \$1,031,524.40 as of March 31, 2005 and \$750,000.00 was covered by Federal Depository Insurance.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Note 4 - Receivables:

Receivables as of year end for the governments individual major funds and the other non major funds in the aggregate are shown in the respective statements.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Note 5 - Employee Retirement and Benefits Systems:

The Township of Fairhaven does not provide any employee retirement or benefits systems.

Note 6 - Contingent Liabilities:

Contingent Liability - Unemployment Compensation Costs

The Government has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Government employees by the Michigan unemployment fund must be reimbursed by the Government on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Government becomes liable to the State of Michigan for unemployment benefits paid.

Note 7 - Proprietary Fund Fixed Assets:

Additions to the utility plant are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Water building and lines	50 years
Buildings	15-30 years
Equipment	10-20 years
Office equipment	5 years

Note 8 - Contributed Capital:

Contributed capital currently exists only in the Enterprise Fund. This capital has been used along with other Township resources to purchase or construct the sewer system currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closes to contributed capital rather than retained earnings.

Township of Fairhaven
Notes to Financial Statements
March 31, 2005

Note 9 - Changes in Long-Term Debt - Sewer Fund:

The Township sewer system encompasses all of the Township of Fairhaven. Financing of construction was accomplished through Sewer Revenue Bonds, authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

The following is a summary of bond transactions for the year ended March 31, 2005:

	BALANCE APRIL 1, <u>2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE MARCH 31, <u>2005</u>
Sewer Revenue Bonds	\$1,097,000	\$ -	\$ 17,000	\$1,080,000

The annual requirements to amortize the Sewer System Bonds outstanding as of March 31, 2005 including interest of \$1,034,537 are as follows:

2006	\$ 80,922
2007	80,835
2008	80,689
2009	81,455
2010	81,133
Thereafter	<u>1,709,503</u>
	\$ 2,114,537

Required Supplemental Information

Township of Fairhaven
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2005

	<u>General Fund</u>				
			<u>Variance</u>		<u>Variance</u>
			<u>Original</u>		<u>Actual</u>
			<u>Compared to</u>		<u>Compared to</u>
			<u>Final</u>		<u>Final</u>
	<u>Original</u>	<u>Final</u>	<u>Increase</u>	<u>Actual</u>	<u>Favorable</u>
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>		<u>(Unfavorable)</u>
Revenues					
Taxes-Current	\$ 27,000.00	\$ 27,000.00	\$ 0.00	\$ 31,774.78	\$ 4,774.78
State Sources	99,587.00	99,587.00	0.00	98,521.00	(1,066.00)
Licenses and Permits	800.00	800.00	0.00	781.98	(18.02)
Other	2,650.00	2,650.00	0.00	2,564.01	(85.99)
Interest	4,000.00	4,000.00	0.00	3,487.07	(512.93)
Total Revenues	<u>134,037.00</u>	<u>134,037.00</u>	<u>0.00</u>	<u>137,126.82</u>	<u>3,091.82</u>
Expenditures					
General Government	39,800.00	39,800.00	0.00	38,921.80	878.20
Public Safety	5,420.00	5,420.00	0.00	5,382.03	37.97
Public Works	46,535.00	46,535.00	0.00	40,492.80	6,042.20
Other	38,210.00	38,210.00	0.00	37,651.14	558.86
Total Expenditures	<u>129,965.00</u>	<u>129,965.00</u>	<u>0.00</u>	<u>122,447.77</u>	<u>7,517.23</u>
Excess of Revenues over Expenditures	<u>4,072.00</u>	<u>4,072.00</u>	<u>0.00</u>	<u>5,679.05</u>	<u>4,618.99</u>
Other Financing Sources (Uses)					
Operating Transfers in	0.00	0.00	\$ 0.00	0.00	0.00
Operating Transfers out	(2,000.00)	(2,000.00)	\$ 0.00	(2,000.00)	0.00
Total Other Financing Sources (Uses)	<u>(2,000.00)</u>	<u>(2,000.00)</u>	<u>0.00</u>	<u>(2,000.00)</u>	<u>0.00</u>
Excess of Revenues and Other					
Over(Under)Expenditures and Other Us	<u>\$ 2,072.00</u>	<u>\$ 2,072.00</u>	<u>0.00</u>	<u>5,679.05</u>	<u>4,618.99</u>
Fund Balance at End of Year				<u>\$ 6,679.05</u>	

The accompanying notes are an integral part of the financial statements.

Additional Supplemental Information

Township of Fairhaven
General Fund
Schedule of Revenues
For the Year Ended March 31, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Current Taxes	\$ 26,157.46	\$ 27,000.00	\$ (842.54)
Payments in Lieu of Taxes	139.97	0.00	139.97
Delinquent Tax Collection	2,924.36	3,000.00	(75.65)
Trailer Park Taxes	2,553.00	3,000.00	(447.00)
Cable TV Fees	755.96	800.00	(44.04)
Animal License Fees	26.00	0.00	26.00
Refunds, Rebates, Reimburseme	150.00	150.00	0.00
Sales Tax	22,286.00	99,587.00	(77,301.00)
Intangibles Tax	76,235.00	0.00	76,235.00
Interest Income	3,487.07	4,000.00	(512.93)
Miscellaneous Income	<u>2,414.01</u>	<u>2,500.00</u>	<u>(85.99)</u>
Total Revenues	<u>\$ 137,128.82</u>	<u>\$ 140,037.00</u>	<u>(2,908.18)</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
General Fund
Schedule of Expenditures
For the Year Ended March 31, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
General Government			
Supervisor Salary	\$ 4,119.96	\$ 4,200.00	\$ 80.04
Assessor Salary	15,537.28	16,000.00	462.72
Clerk Salary	6,500.04	6,600.00	99.96
Deputy Clerk Salary	417.26	450.00	32.72
Treasurers Salary	7,417.24	7,500.00	82.76
Board of Review Salary	4,388.00	4,500.00	112.00
Election Workers Salary	542.00	550.00	8.00
Total General Government	<u>\$ 38,921.80</u>	<u>\$ 39,800.00</u>	<u>\$ 878.20</u>
Public Works			
Spring Clean Up	\$ 2,567.20	\$ 2,800.00	\$ 32.80
Grass Cutting	1,602.85	1,800.00	(2.85)
Park Expense	335.30	335.00	(0.30)
Drains at Large	32,988.05	33,000.00	11.95
General Repairs & Maintenance	8,089.46	9,000.00	10.54
Total Public Works	<u>\$ 45,482.86</u>	<u>\$ 46,535.00</u>	<u>\$ 52.14</u>
Public Safety			
Safety Insurance	\$ 1,030.00	\$ 1,030.00	\$ 0.00
Safety Other	1,358.03	1,400.00	41.97
Ambulance	2,994.00	2,990.00	(4.00)
Total Public Safety	<u>\$ 5,382.03</u>	<u>\$ 5,420.00</u>	<u>\$ 37.97</u>
Other			
FICA Twp Share	\$ 4,103.44	\$ 4,200.00	\$ 96.56
Box Rents	39.00	0.00	(39.00)
General Office Supplies	1,868.61	2,000.00	131.39
Postage	838.67	800.00	(38.67)
Ann. Support Agreement	173.00	175.00	2.00
Legal Notices	303.84	350.00	46.16
Attorney Fees	120.00	120.00	0.00
Trailer Park Fees	325.00	325.00	0.00
Dues and Subscriptions	656.81	660.00	3.09
Educational Meetings/Seminars	568.00	600.00	32.00
Travel-Mileage-Meals	442.82	450.00	7.38
Medical Expense-Physician	150.00	150.00	0.00
Accountant Fees	3,100.00	3,200.00	100.00
Telephone	973.25	975.00	1.75
Library	1,500.00	1,500.00	0.00
Fuel-Gas-Diesel-Oil	49.00	50.00	1.00
Trash Removal	2,766.00	2,700.00	(66.00)
Insurance-Workers Comp	7,321.50	7,500.00	178.50
Electricity	2,638.25	2,700.00	63.75
Heat	1,393.45	1,400.00	6.55
Sewer Payment	319.80	320.00	0.20
Miscellaneous	567.78	570.00	2.22
Trailer Park Fee	1,795.00	1,700.00	(95.00)
Uniform Purchase & Maint.	17.00	20.00	3.00
Assessor Office Supplies	1,158.12	1,200.00	41.88
Assessor Postage	47.54	50.00	2.46

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
General Fund
Schedule of Expenditures
For the Year Ended March 31, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Assessor Miscellaneous	2,169.66	2,200.00	30.44
Clerk Office Supplies	81.50	80.00	(1.50)
Clerk Travel	14.75	15.00	0.25
Clerk Dues & Subscriptions	10.00	10.00	0.00
Clerk Legal Notices	28.00	30.00	2.00
Treasurers Office Supplies	42.29	45.00	2.71
Treasurers Travel	21.44	20.00	(1.44)
Treasurers Postage	546.30	550.00	3.61
Treas Education-Meet-Seminars	80.00	80.00	0.00
Treasurers Miscellaneous	420.00	420.00	0.00
Tax notices/supplies	798.00	800.00	2.00
Brd of Review Office Supplies	28.00	30.00	2.00
Election Supplies	84.03	100.00	15.97
Election Education	58.00	75.00	17.00
Election Legal Notices	35.40	40.00	4.60
Total Other	<u>\$ 32,651.14</u>	<u>\$ 38,210.00</u>	<u>\$ 5,558.86</u>
Capital Outlay			
Capital Outlay	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Total Expenditures	<u>\$ 128,437.83</u>	<u>\$ 129,066.00</u>	<u>\$ 1,527.17</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Balance Sheet
Sewer Operating Fund
March 31, 2005

Assets

Current Assets

O & M Checking Acct	\$ 31,756.82
Debt Retirement Savings	92,607.50
Bond and Interest Redemption	56,493.96
O & M Savings Acct	100,622.47
Debt Retirement Checking	21,784.07
Bond Reserve Account	91,099.87
Accounts Receivable Sewer	21,099.48
Accounts Receivable Sewer Connection	162,335.00
Prepaid Insurance	4,043.42
Total Current Assets	<u>590,843.45</u>

Property and Equipment

Capitalized Interest	53,693.67
Less-Accumulated Amortization	(16,295.96)
Land	69,428.12
Machinery and Equipment	43,253.14
Legal Bonding and Start up Costs	76,810.44
Lagoon	422,492.19
Sewer Collection System	2,290,453.80
Engineering Fees	352,725.27
Building	14,270.82
Land Improvements	2,262.00
Office Furniture and Equipment	5,310.05
Less Accumulated Depr	(1,867,158.04)
Total Property and Equipment	<u>1,434,247.30</u>

Total Assets \$ 2,055,090.75

Liabilities and Fund Equity

Liabilities

Accounts Payable	\$ 4,659.38
Bonds Payable	1,080,000.00
Total Liabilities	<u>1,084,659.38</u>

Fund Equity

Contributed Capital	794,022.85
Retained Earnings	304,189.52
Total Fund Equity	<u>1,088,212.37</u>

Total Liabilities and Fund Equity \$ 2,172,871.75

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Special Revenue Funds
Combined Balance Sheet
March 31, 2005

	<u>Fire Fund</u>	<u>Highway Fund</u>	<u>Police Fund</u>	<u>Cemetery Fund</u>	<u>Liquor Fund</u>	<u>Street Lighting Fund</u>	<u>Total</u>
Assets							
Cash	\$ 21,799.47	\$ 36,732.26	\$ 215,285.18	\$ 1,101.20	\$ 0.00	\$ 23,208.80	\$ 298,126.91
Taxes Receivable	2,576.29	7,659.41	8,442.22	0.00	0.00	1,180.25	17,858.17
Prepaid Insurance	4,923.04	0.00	0.00	437.52	0.00	0.00	5,360.56
Total Assets	<u>\$ 29,298.80</u>	<u>\$ 44,391.67</u>	<u>\$ 221,727.40</u>	<u>\$ 1,538.72</u>	<u>\$ 0.00</u>	<u>\$ 24,389.05</u>	<u>\$ 321,345.64</u>
Liabilities and Fund Equity							
Fund Equity							
Unreserved	\$ 29,298.80	\$ 44,391.67	\$ 221,727.40	\$ 1,538.72	\$ 0.00	\$ 24,389.05	\$ 321,345.64
Total Liabilities and Fund Equity	<u>\$ 29,298.80</u>	<u>\$ 44,391.67</u>	<u>\$ 221,727.40</u>	<u>\$ 1,538.72</u>	<u>\$ 0.00</u>	<u>\$ 24,389.05</u>	<u>\$ 321,345.64</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	<u>Fire Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Property Taxes Current	\$ 29,894.79	\$ 0.00	
Standby Fees	1,200.00	0.00	
Miscellaneous Income	81.47	0.00	
Refunds, Rebates and Reimbursements	3,098.00	0.00	
Interest Income	79.77	0.00	
Total Revenues	<u>34,354.03</u>	<u>46,864.00</u>	<u>(12,509.97)</u>
Expenditures			
Salaries	8,863.75	0.00	
Fica Twp Share	1,381.06	0.00	
Office Supplies	349.20	0.00	
Operating Supplies	6,532.29	0.00	
Dues and Subscriptions	140.00	0.00	
Education Meetings and Seminars	40.00	0.00	
Mileage	898.20	0.00	
Telephone	455.17	0.00	
Fuel Gas Diesel and Oil	397.58	0.00	
Vehicle Maintenance	1,495.12	0.00	
Insurance Workers Comp	13,438.34	0.00	
Electricity	997.02	0.00	
Heat	1,151.05	0.00	
Sewer Payment	319.80	0.00	
General Repairs and Maintenance	131.84	0.00	
Radio-Pager Maintenance	358.65	0.00	
Miscellaneous	5,942.93	0.00	
Uniform Purchase and Maintenance	843.34	0.00	
Total Expenditures	<u>41,796.24</u>	<u>46,097.00</u>	<u>4,300.76</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,442.21)</u>	<u>767.00</u>	<u>(8,239.21)</u>
Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources			
(Uses) Over (Under) Expenditures	<u>(7,442.21)</u>	<u>\$ 767.00</u>	<u>\$ (8,239.21)</u>
Fund Balance Beginning of Year	<u>36,741.01</u>		
Fund Balance End of Year	<u>\$ 29,298.80</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	<u>Police Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Delinquent Tax Collection	\$ 8,428.69	\$ 0.00	
Property Taxes Current	66,320.62	0.00	
Miscellaneous Income	0.51	0.00	
Fines and Penalties	598.95	0.00	
Interest Income	1,146.45	0.00	
Total Revenues	<u>76,495.22</u>	<u>74,000.00</u>	<u>1,585.22</u>
Expenditures			
Box Rents	24.00	0.00	
Office Supplies	72.03	0.00	
Telephone	250.94	0.00	
Fuel Gas Diesel and Oil	15.00	0.00	
Uniform Purchase and Maintenance	858.90	0.00	
Contracted Services HCSD	52,028.95	0.00	
Vehicle Usage	<u>6,360.80</u>	<u>0.00</u>	
Total Expenditures	<u>59,599.62</u>	<u>55,700.00</u>	<u>(3,899.62)</u>
Excess of Revenues Over (Under) Expenditures	<u>16,895.60</u>	<u>19,209.00</u>	<u>(2,310.40)</u>
Other Financing Sources (Uses)			
Transfers in	<u>962.50</u>	<u>0.00</u>	<u>962.50</u>
Total Other Financing Sources (Uses)	<u>962.50</u>	<u>0.00</u>	<u>962.50</u>
Excess of Revenues and Other Financing (Uses) Over (Under) Expenditures	<u>17,858.10</u>	<u>\$ 19,209.00</u>	<u>\$ (1,347.90)</u>
Fund Balance Beginning of Year	<u>203,866.30</u>		
Fund Balance End of Year	<u>\$ 221,727.40</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	<u>Special Highway Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Property Taxes Current	\$ 98,861.34	\$ 0.00	
Miscellaneous Income	0.81	0.00	
Refunds, Rebates and Reimbursements	7.64	0.00	
Interest Income	722.07	0.00	
Total Revenues	<u>99,592.26</u>	<u>87,053.00</u>	<u>2,539.26</u>
Expenditures			
Road Maintenance	131,290.14	0.00	
Contracted Services	367.50	0.00	
Total Expenditures	<u>131,657.64</u>	<u>130,000.00</u>	<u>(1,657.64)</u>
Excess of Revenues Over (Under) Expenditures	<u>(42,065.38)</u>	<u>(42,947.00)</u>	<u>881.62</u>
Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources			
(Uses) Over (Under) Expenditures	(42,065.38)	<u>\$ (42,947.00)</u>	<u>\$ 881.62</u>
Fund Balance Beginning of Year	<u>96,457.05</u>		
Fund Balance End of Year	<u>\$ 44,391.67</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	<u>Street Lighting Fund</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Delinquent Tax Collection	\$ 1,948.67	\$ 0.00	
Property Taxes Current	7,324.39	0.00	
Interest Income	140.20	0.00	
Total Revenues	<u>9,413.26</u>	<u>10,618.00</u>	<u>(1,204.74)</u>
Expenditures			
Insurance Workers Comp	48.00	0.00	
Electricity	<u>10,583.25</u>	<u>10,500.00</u>	
Total Expenditures	<u>10,631.25</u>	<u>10,500.00</u>	<u>131.25</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,217.99)</u>	<u>118.00</u>	<u>(1,335.99)</u>
Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources			
(Uses) Over (Under) Expenditures	<u>(1,217.99)</u>	<u>\$ 118.00</u>	<u>\$ (1,335.99)</u>
Fund Balance Beginning of Year	<u>25,607.04</u>		
Fund Balance End of Year	<u>\$ 24,389.05</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	<u>Liquor Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Liquor License Fees	\$ 962.50	\$ 0.00	
Total Revenues	<u>962.50</u>	<u>962.50</u>	<u>0.00</u>
Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>962.50</u>	<u>962.50</u>	<u>0.00</u>
Other Financing Sources (Uses)			
Transfers out	<u>(962.50)</u>	<u>(962.50)</u>	<u>0.00</u>
Total Other Financing Sources (Uses)	<u>(962.50)</u>	<u>(962.50)</u>	<u>0.00</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	0.00	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Fund Balance Beginning of Year	<u>0.00</u>		
Fund Balance End of Year	<u>\$ 0.00</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2005

	<u>Cemetery Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Grave Opening Fees	\$ 2,200.03	\$ 0.00	
Lot Sales	1,227.83	0.00	
Interest Income	<u>134.47</u>	<u>0.00</u>	
Total Revenues	<u>3,562.33</u>	<u>14,720.00</u>	<u>(11,157.34)</u>
Expenditures			
Salaries Saxon	400.03	0.00	
Fica Twp Share	72.80	0.00	
Office Supplies	72.03	0.00	
Insurance Workers Comp	259.03	0.00	
Insurance Liability	912.01	0.00	
Contracted Services	1,550.00	0.00	
Maintenance Contracted	<u>3,500.00</u>	<u>0.00</u>	
Total Expenditures	<u>6,765.87</u>	<u>14,590.00</u>	<u>7,824.13</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,203.51)</u>	<u>130.00</u>	<u>(3,333.51)</u>
Other Financing Sources (Uses)			
Transfers In	<u>2,000.00</u>	<u>0.00</u>	<u>2,000.00</u>
Total Other Financing Sources (Uses)	<u>2,000.00</u>	<u>0.00</u>	<u>2,000.00</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(1,203.51)</u>	<u>\$ 130.00</u>	<u>\$ (1,333.51)</u>
Fund Balance Beginning of Year	<u>2,742.23</u>		
Fund Balance End of Year	<u>\$ 1,538.72</u>		

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Schedule of Sewer System Revenue Bonds
Dated October 28, 1991
March 31, 2005

<u>Maturity Date</u>	<u>Principal Amount Payable at Each Maturity Date</u>	<u>Interest</u>		<u>Total</u>
		<u>Rate</u>	<u>Amount</u>	
07/01/05	18,000	5.875%	31,725	49,725
01/01/06		5.875%	31,197	31,197
07/01/06	19,000	5.875%	31,196	50,196
01/01/07		5.875%	30,639	30,639
07/01/07	20,000	5.875%	30,638	50,638
01/01/08		5.875%	30,051	30,051
07/01/08	22,000	5.875%	30,050	52,050
01/01/09		5.875%	29,405	29,405
07/01/09	23,000	5.875%	29,404	52,404
01/01/10		5.875%	28,729	28,729
07/01/10	24,000	5.875%	28,728	52,728
01/01/11		5.875%	28,024	28,024
07/01/11	26,000	5.875%	28,023	54,023
01/01/12		5.875%	27,251	27,251
07/01/12	27,000	5.875%	27,250	54,250
01/01/13		5.875%	26,467	26,467
07/01/13	29,000	5.875%	26,466	55,466
01/01/14		5.875%	25,616	25,616
07/01/14	31,000	5.875%	25,615	56,615
01/01/15		5.875%	24,705	24,705
07/01/15	32,000	5.875%	24,704	56,704
01/01/16		5.875%	23,765	23,765
07/01/16	34,000	5.875%	23,764	57,764
01/01/17		5.875%	22,766	22,766
07/01/17	36,000	5.875%	22,765	58,765
01/01/18		5.875%	21,709	21,709
07/01/18	38,000	5.875%	21,708	59,708
01/01/19		5.875%	20,592	20,592
07/01/19	41,000	5.875%	20,591	61,591
01/01/20		5.875%	19,389	19,389
07/01/20	43,000	5.875%	19,388	62,388
01/01/21		5.875%	18,125	18,125
07/01/21	46,000	5.875%	18,124	64,124
01/01/22		5.875%	16,774	16,774
07/01/22	48,000	5.875%	16,773	64,773
01/01/23		5.875%	15,364	15,364
07/01/23	51,000	5.875%	15,363	66,363
01/01/24		5.875%	13,866	13,866
07/01/24	54,000	5.875%	13,865	67,865
01/01/25		5.875%	12,279	12,279
07/01/25	57,000	5.875%	12,278	69,278

Township of Fairhaven
Schedule of Sewer System Revenue Bonds
Dated October 28, 1991
March 31, 2005
(Continued)

<u>Maturity Date</u>	<u>Principal Amount Payable at Each Maturity Date</u>	<u>Interest</u>		<u>Total</u>
		<u>Rate</u>	<u>Amount</u>	
01/01/26		5.875%	10,605	10,605
07/01/26	61,000	5.875%	10,604	71,604
01/01/27		5.875%	8,813	8,813
07/01/27	64,000	5.875%	8,812	72,812
01/01/28		5.875%	6,933	6,933
07/01/28	66,000	5.875%	6,932	74,932
01/01/29		5.875%	4,936	4,936
07/01/29	72,000	5.875%	4,935	76,935
01/01/30		5.875%	2,821	2,821
07/01/30	76,000	5.875%	2,820	78,820
01/01/31		5.875%	588	588
07/01/31	20,000	5.875%	587	20,587
	<u>\$ 1,080,000</u>		<u>\$ 1,034,537</u>	<u>\$ 2,114,537</u>